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21 March 1969

MEMORANDUM FOR THE RECORD

SUBJECT: Daniels Bill (H.R. 770) - Contact with Committee Staff

1. In the interest of obtaining a prognosis on H.R. 770 (Civil Service retirement financing and benefits amendments), called Ralph J. Devlin, Staff Assistant, Representative Daniels' Subcommittee on Retirement, Insurance, and Health Benefits.
2. As in the past, Devlin was very helpful. He said hearings had been concluded subject to the call of the Chairman and expected the hearings would be printed in about 10 days. He explained that some of the Committee's difficulty with the substance of the bill is due to the fact that the Subcommittee has five new members who lack carryover experience on the bill from the 90th Congress.
3. Devlin believes the bill will be reported out after necessary compromises are reached between the Committee and the Administration. Of the three benefit liberalizations in the bill, the Committee will most likely drop the one permitting the credit of overtime pay to arrive at average salary. While the overtime credit feature would not contribute to the "normal funding" problem, it would add \$2.5 billion to the system's "unfunded liability." The other two benefit provisions are likely to survive any compromise (adding sick leave to length of service and basing average salary on high three rather than high five years). In return for dropping the overtime pay credit feature, Devlin alluded to a possible adjustment in the financing feature of the bill, but did not specify what it would be.
4. In view of these developments it is now timely to map out the Agency's course of action with respect to H.R. 770 while all options are still open. This would include a further temperature reading with our Committee staff, the Civil Service Commission, and possibly others looking towards the desirability of action on our part along the lines of the options discussed with Frank Slatinshek, Counsel, House Armed Services Committee, during his visit to the Agency on 12 February 1969.

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